



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

March 9, 2006

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Acting Senior Medical Officer

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*To improve health
through leadership,
service and education.*



www.ladhs.org

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF SOLE SOURCE AGREEMENT WITH
PROVIDER ADVANTAGE NW, INC.**
(All Districts) (3 Votes)

CIO RECOMMENDATION: ☒ APPROVE [] APPROVE WITH
MODIFICATION [] DISAPPROVE

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Acting Director of Health Services, or his designee, to offer and sign a sole source agreement, substantially similar to Exhibit I, with Provider Advantage NW, Inc. to continue services for developed and installed proprietary processes, techniques, strategies and trade secrets at Department of Health Services' health facilities for the purpose of generating Health Insurance Portability and Accountability Act (HIPAA) compliant 270/271 Medi-Cal eligibility transactions, at a maximum County obligation of \$968,700, effective upon the date of Board approval through March 31, 2009.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

In approving the recommended action, the Board is authorizing the Acting Director of Health Services, or his designee, to sign a sole source agreement with Provider Advantage NW, Inc. (PA). This agreement is necessary so that PA can continue to provide software which generates HIPAA compliant 270/271 eligibility inquiries to various third party payers. The State of California no longer accepts non-HIPAA compliant 270/271 Medi-Cal eligibility transactions as of October 1, 2005.

The Department of Health Services (DHS) does not have the staff, resources or expertise to produce HIPAA compliant 270/271 eligibility transactions. The sole source agreement is necessary and appropriate because PA possesses the proprietary methodologies, has the experience and expertise to perform these specialized services, and is ready and able to perform. It is in the County's best interest to continue contracting with PA for 270/271 Medi-Cal eligibility transaction services in order to remain HIPAA compliant when generating Medi-Cal eligibility inquiries.

DHS currently utilizes QuadraMed's Affinity system for both clinical and financial applications at its health facilities. A sole source agreement is necessary because PA is the only preferred vendor that QuadraMed has partnered with for generating HIPAA compliant 270/271 Medi-Cal eligibility transactions. The 270 transaction requests Medi-Cal eligibility, coverage or benefit information (inquiry) and the 271 transaction provides Medi-Cal eligibility, coverage or benefit information (response).

Implementation of Strategic Plan Goals:

The recommended action will satisfy County's Strategic Plan Goal to promote Fiscal Responsibility.

FISCAL IMPACT/FINANCING:

The maximum County obligation is estimated to be \$968,700, effective upon date of Board approval through March 31, 2009. This contract will be based upon PA providing the necessary software for generating HIPAA compliant 270/271 eligibility transactions. PA will be paid a monthly maintenance fee for generating the HIPAA compliant 270/271 eligibility transactions to various third party payers. Additionally, when the retroactive self-pay inquiry module (software designed especially for DHS that for a 12-month period repeatedly checks patients initially identified as non-Medi-Cal eligible at the point of service through the State Medi-Cal eligibility system until all Medi-Cal patients are identified in order to ensure Medi-Cal revenue is maximized) is installed, it is anticipated that the contingency fees paid to DHS' third party identification contractors for performing similar services may be reduced. Potential incremental net revenues realized from implementation of the retroactive self-pay module may enable DHS to offset or reduce the costs of future DHS expenditures.

Funding for this project will be covered under the existing budget for HIPAA compliance-related activities, is included in DHS' Fiscal Year 2005-06 Final Budget and will be requested in future fiscal years.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The PA proprietary software has been installed and is operating at DHS health facilities under Purchase Order (PO) Number P42285 (initiated on July 2, 2003) and PO Number S40920 (initiated on November 21, 2005). Funding under these two PO agreements will cover services provided during the period of January 2004 through March 2006.

On August 15, 2005, DHS notified the Board of our intent to procure a sole source agreement with PA.

The installation of the PA proprietary software enabled DHS facilities to begin processing HIPAA compliant 270/271 transactions to various third party payers. When the State began accepting HIPAA compliant 270/271 transactions on November 20, 2004, DHS was prepared to meet the State's "go-live" date for submitting the required format. Effective October 1, 2005, the State no longer accepts non-HIPAA compliant 270/271 eligibility inquiries.

The current agreement may be terminated by the County at any time by giving at least 30 days prior notice to the other party.

Attachment A provides additional information.

County Counsel has approved the attached Agreement (Exhibit I) as to form and use.

CONTRACTING PROCESS:

PA is unique in that they possess the proprietary methodologies and have the experience and expertise to perform the specialized services to generate HIPAA compliant 270/271 Medi-Cal eligibility transactions. DHS does not have the staff, resources or expertise to produce these transactions. A sole-source letter is on file with the Department.

It is not appropriate to advertise the sole source agreement with PA on the Los Angeles County's Online website.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

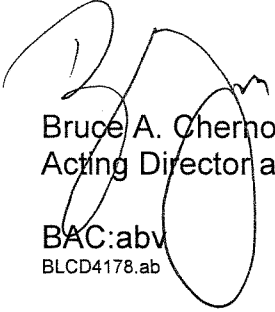
Approval of the recommended agreement with PA will ensure that DHS complies with the State's HIPAA 270/271 Medi-Cal eligibility inquiry requirements.

The Honorable Board of Supervisors
March 9, 2006
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When approved, this Department requires three signed copies of the Board's action.

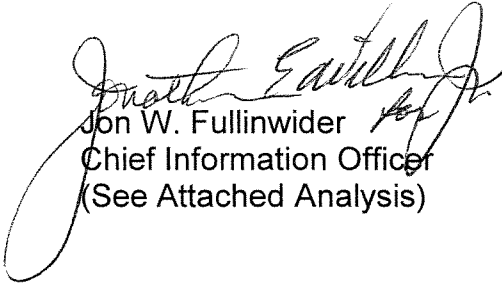
Respectfully submitted,

Reviewed by:



Bruce A. Chernof, M.D.
Acting Director and Chief Medical Officer

BAC:abv
BLCD4178.ab



Jon W. Fullinwider
Chief Information Officer
(See Attached Analysis)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

CIO ANALYSIS

AGREEMENT WITH PROVIDER ADVANTAGE, INC. AND DEPARTMENT OF HEALTH SERVICES FOR HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) SOFTWARE AND SERVICES

CIO RECOMMENDATION: ☒ APPROVE ☐ APPROVE WITH MODIFICATION
☐ DISAPPROVE

Contract Type:

☐ New Contract ☐ Contract Amendment ☐ Contract Extension
☒ Sole Source Contract ☐ Hardware Acquisition ☐ Other

New/Revised Contract Term: Base Term: 3 Yrs # of Option Yrs

Contract Components:

☒ Software ☐ Hardware ☐ Telecommunications
☒ Professional Services

Project Executive Sponsor: Larry Gatton, Chief, Revenue Services

Budget Information :

Y-T-D Contract Expenditures	\$
Requested Contract Amount	\$968,700
Aggregate Contract Amount	\$968,700

Project Background:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project legislatively mandated? Under HIPAA Administrative Rule Simplification Provisions, 270/271 transactions were adopted as the Electronic Data Interchange (EDI) standard for Health Care Eligibility Inquiry/Response.
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project/application applicable to (shared use or interfaced) other departments? If yes, name the other department(s) involved?

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	This contract and/or project and its milestone deliverables must be entered into the Information Technology Tracking System (ITTS).

Project/Contract Description:

The Department of Health Services (DHS) is requesting your Board to delegate authority to the Acting Director of Health Services, or his designee, to sign a sole source Agreement with Provider Advantage NW, Inc. (PA) for the continued provision of software and services required to generate HIPAA compliant 270/271 eligibility inquiries to various third-party payers. This Agreement has a term of three years through March 31, 2009, and has a maximum contract sum of \$968,700.

Background:

Under HIPAA Administrative Rule Simplification Provisions, 270/271 transactions were adopted as the Electronic Data Interchange (EDI) standard for Health Care Eligibility Inquiry/Response. The 270/271 is a "paired" transaction, where the 270 is an outbound eligibility inquiry and the 271 is an inbound eligibility response. In order to be compliant with HIPAA rules, the County is mandated to adhere to these eligibility standard formats. Additionally, effective October 1, 2005, the State of California no longer accepts non-HIPAA compliant 270/271 eligibility inquiries.

DHS is requesting Board authorization to sign a sole source Agreement with PA for continued software and services required to generate these HIPAA compliant 270/271 transactions to various third-party payers. PA software, called *VeriLink*, was initially acquired, installed, and is running at DHS health facilities (all five hospitals, its multi-service ambulatory center, and six comprehensive health centers) under Purchase Order (PO) agreements (PO 42285 and PO S40920). The *VeriLink* software interfaces with DHS' QuadraMed Affinity Healthcare Information Systems (HIS) at these facilities to enable their registration areas to electronically obtain HIPAA-complaint patient healthcare eligibility status information. In addition, under this Agreement, PA will develop for the County's exclusive use a Retroactive Self-Pay Identification Module (RIM). RIM will enable the Department to periodically check Medical eligibility for self-pay patients subsequent to registration. Once these patients are identified as having retroactive coverage, the County can prepare a claim and send it to Medi-Cal for reimbursement for covered services.

Project Justification/Benefits:

Board authorization will enable the continued use of PA's software, methodologies, and expertise to generate County HIPAA-compliant eligibility transactions.

Project Metrics

Success will be measured by the ability to successfully generate successful transactions that provide the most current eligibility and benefit information available from Medi-Cal, Medicare and a wide variety of health plans.

Impact On Service Delivery Or Department Operations, If Proposal Is Not Approved

If the Board does not authorize this request, it will impact the ability of DHS to comply with HIPAA requirements and generate County HIPAA-compliant 270/271 eligibility transactions.

Alternatives Considered:

There is no other suitable alternative at this time. The Department represents that they do not possess the staff, resources, or expertise to produce HIPAA-compliant 270/271 eligibility transactions. PA has the experience and expertise to perform these specialized services in the County's environment. Moreover, PA is the only preferred provider that QuadraMed has partnered with for generating these transactions through its Affinity HIS, which is the core system that DHS utilizes to manage its clinical and financial information.

Project Risks:

The project risks are minimal. The VeriLink is already installed at DHS facilities.

Risk Mitigation Measures:

The Department has been advised that implementation of this system must be entered and tracked in the Information Technology Tracking System (ITTS).

Financial Analysis:

This Agreement has a maximum contract sum of \$968,700. DHS indicates that this funding will be covered under the Department's existing budget for HIPAA compliance activities.

CIO Concerns:

None.

CIO Recommendations:

None.

CIO APPROVAL

Date Received:

03/05/2006

Prepared by:

[Signature]

Date:

03/05/2006

Approved:

[Signature]

Date:

03/29/2006

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

Provider Advantage NW, Inc. provides HIPAA compliant software for generating 270/271 eligibility inquiries to various third party payers.

2. AGENCY ADDRESS AND CONTRACT PERSON:

Provider Advantage NW, Inc. (PA)
8770 SW Nimbus, Suite D
Beaverton, OR 97008
Attention: Edward (Ted) Tomkins, President
Telephone: (800) 203-5465
Contracts@Provider-Advantage.com

3. TERM:

Effective date of Board of Supervisors' approval through March 31, 2009.

4. FINANCIAL INFORMATION:

The County's maximum contract obligation is \$968,700 for the three year term.

5. GEOGRAPHIC AREA SERVED:

Countywide

6. ACCOUNTABILITY FOR PROGRAM:

Patricia Adams, Division Head, Revenue Management, Department of Health Services.

7. APPROVALS:

Revenue Services:	Lawrence Gatton, Chief
County Chief Information Officer:	Jon Fullinwider, Chief Information Offices
Office of the Director of Finance:	Gary W. Wells, Director
Contracts and Grants:	Cara O'Neill, Chief
County Counsel (approval as to form):	Robert E. Ragland, Senior Deputy

**AGREEMENT
BY AND BETWEEN
COUNTY OF LOS ANGELES
AND
PROVIDER ADVANTAGE, NW INCORPORATED
FOR
HIPAA COMPLIANT 270/271 ELIGIBILITY
RESPONSE SOFTWARE
FOR
DEPARTMENT OF HEALTH SERVICES**

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THIS AGREEMENT (together with all exhibits, attachments and schedules hereto, hereafter "Agreement") is made and entered into this ____ day of _____, 2006, by and between the County of Los Angeles (hereafter "County") and Provider Advantage, NW Incorporated (hereafter "Contractor").

WHEREAS, pursuant to California Health and Safety Code sections 1441 and 1445, County has established and operates, through its Department of Health Services (hereafter "DHS"), a comprehensive healthcare system for County's population; and

WHEREAS, the "Director" as used in this Agreement shall refer to County's Director of Health Services (i.e., Director of the Department of Health Services) or his/her authorized designee; and

WHEREAS, Contractor has significant expertise and background providing software and services which generate HIPAA compliant 270/271 eligibility inquiries to various third party payers; and

WHEREAS, pursuant to (a) that certain Purchase Order No. 31031066 dated June 30, 2003 between County and Contractor, and (b) that certain Purchase Order No. 31074207 dated November 17, 2005 between County and Contractor (such Purchase Orders are collectively referred to hereafter as "Prior Purchase Orders"), County acquired from Contractor a license to the Products (as defined below) referred to in this Agreement and related installation, implementation and maintenance services, in order to generate HIPAA compliant 270/271 eligibility inquiries to various third party payers; and

WHEREAS, County and Contractor desire that the Products acquired pursuant to the Prior Purchase Orders, including, without limitation, the license thereof, be governed by this Agreement and County desires to acquire, and Contractor desires to provide, certain additional services in respect to the Products, in each case, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, Contractor and County hereby agree as follows:

1. APPLICABLE DOCUMENTS AND DEFINITIONS:

1.1 Interpretation:

Exhibits A, B, C, D, E, F, G and H are attached to and form a part of this Agreement. In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any Tasks, Subtasks, Deliverables, goods, services or other work, or otherwise, between the body of this Agreement and the Exhibits, or between Exhibits, such conflict or inconsistency, shall be resolved by giving precedence first to the body of this Agreement and then to the Exhibits according to the following priority:

- Exhibit A - Statement of Work
- Exhibit B - Schedule of Payments
- Exhibit C - Contractor Employee Acknowledgment And Confidentiality Agreement
- Exhibit D - Determinations Of Contractor Non-Responsibility And Contractor Debarment Ordinance
- Exhibit E- IRS Notice 1015
- Exhibit F- Safely Surrendered Baby Law

- Exhibit G - Contractor's EEO Certification
- Exhibit H – Contractor's Obligation As A Business Associate Under The Health Insurance Portability And Accountability Act Of 1996

1.2 Entire Agreement:

Prior to the date hereof, County acquired from Contractor a license to the Products (as defined below) referred to in this Agreement and related installation, implementation and maintenance services pursuant to the Prior Purchase Orders. As of the Effective Date, the Products, including, without limitation, the license thereof, are governed by the terms and conditions of this Agreement. To this end, as of the Effective Date, the terms and conditions of the Prior Purchase Orders are superseded by the terms and conditions of this Agreement. Notwithstanding the foregoing, the Products referenced in Attachment 2 (Retroactive Self-Pay Identification Module ("RIM") Version 1.0 (Summary Specifications) to Exhibit A shall be completed and delivered by Contractor, and accepted and paid for by County, in accordance with the Prior Purchase Orders, at which time such Products, including, without limitation, the license thereof, shall automatically be governed by the terms and conditions of this Agreement. The body of this Agreement, together with the Exhibits and the Prior Purchase Orders (to the extent not superseded by this Agreement), shall constitute the complete and exclusive statement of understanding between the parties and shall supersede all previous agreements, written or oral, and all communications between the parties relating to the subject matter of this Agreement.

1.3 Definitions:

1.3.1 Board:

As used herein, shall mean the Los Angeles County Board of Supervisors.

1.3.2 Business Day(s):

As used herein, shall mean Monday through Friday, 7:00 a.m. to 5:30 p.m. (Pacific Time), excluding holidays.

1.3.3 CIO:

As used herein, shall mean County's Chief Information Officer.

1.3.4 Clearinghouse:

As used herein, refers to a commercial entity that provides an electronic switching service that receives electronic queries for health plan data and electronically routes the data to the health plan or routes the response from the health plan back to the entity originating the request.

1.3.5 Contract Sum:

As used herein, shall mean the total monetary amount payable by County to Contractor hereunder, as set forth in Subparagraph 8.1 (General).

1.3.6 Contractor:

As used herein, shall mean Provider Advantage, NW Incorporated.

1.3.7 Contractor's Project Director:

As used herein, shall have the meaning specified in Subparagraph 3.1 (Contractor's Project Director).

1.3.8 Contractor's Project Manager:

As used herein, shall have the meaning specified in Subparagraph 3.2 (Contractor's Project Manager).

1.3.9 County:

As used herein, shall mean the County of Los Angeles, California.

1.3.10 County Facility; County Facilities:

As used herein, shall mean any one (1), and the term "County Facilities" shall mean any two (2) or more, of the following; providers in the private and public Los Angeles County Organizations (LACO) facilities.

1.3.11 County Materials

As used herein, shall mean all materials, designs, specifications, techniques, plans, reports, test criteria, departmental procedures and processes, Deliverables, data and any other information developed under this Agreement and all copyright, patent, trade secret, moral and other proprietary rights therein.

- 1.3.12 County's Project Director:
As used herein, shall have the meaning specified in Subparagraph 2.1 (County's Project Director).
- 1.3.13 County's Project Manager:
As used herein, shall have the meaning specified in Subparagraph 2.2 (County's Project Manager).
- 1.3.14 Customer Support Services:
As used herein, shall mean System Maintenance as defined in Statement of Work section and provided under Contractor's policies in effect on the date County orders or renews Customer Support Services.
- 1.3.15 Day(s):
As used herein, shall mean calendar days and not business or working days, unless otherwise indicated.
- 1.3.16 Deficiency (ies):
As used herein, shall mean a failure of a product to operate in accordance with Specifications.
- 1.3.17 Deliverable(s):
As used herein, shall mean the item or service provided by Contractor under this Agreement, including, without limitation, those identified as a numbered Deliverable in Exhibit A (Statement of Work).
- 1.3.18 Designated System:
As used herein, shall mean the computer hardware and operating system designated in this Agreement.
- 1.3.19 Designated User or Authorized Facility:
As used herein, unless otherwise specified in this Agreement, shall mean an individual or site that is authorized by Contractor to use specified products, regardless of whether the individual or site is actively using the products at any given time.
- 1.3.20 DHS:
As used herein, shall mean County's Department of Health Services.
- 1.3.21 Director:
As used herein, shall mean the Director of DHS or his authorized designee.

- 1.3.22 Emdeon:
As used herein, refers to Emdeon Business Services, an electronic switching vendor. Emdeon provides connectivity to a large number of health plans through a single processing center. VeriLink connects to Emdeon through Contractor's communications network (WAN).
- 1.3.23 Effective Date:
As used herein, shall mean the date of approval of this Agreement by County's Board of Supervisors and execution by the Director..
- 1.3.24 Fiscal Year:
As used herein, shall mean the twelve (12) month period beginning July 1 and ending June 30 of the following year.
- 1.3.25 Hardware and Software Maintenance and Support Services:
As used herein, shall mean maintenance services, support services and on-site technical support services as described in this Agreement.
- 1.3.26 Health Centers:
As used herein, shall mean the Health Center sites administered by the DHS Public Health Programs and Services and other service sites that may be added to the County's Public Health Programs and Services from time-to-time in authorized facilities listed in Exhibit A, Attachment 4.
- 1.3.27 Health Level 7 (HL7):
As used herein, shall mean a messaging solution.
- 1.3.28 Health Plan:
As used herein, is a source of data that can respond to an electronic query requesting status a patient's health insurance and benefit coverage. A health plan could be a state Medicaid agency, the Centers for Medicare & Medicaid Services ("CMS") for Medicare data, or a commercial insurance provider.
- 1.3.29 Health Plan Connection:
As used herein, shall mean a connection to an individual Health Plan, Clearinghouse, imported file, or other entity with which the County exchanges information covered by this Agreement. Only those Health Plan Connections specified in this Agreement or in a fully executed amendment to this Agreement are covered by this Agreement.

- 1.3.30 HIPAA:
As used herein, shall mean the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191 (1996), together with rules and regulations from time to time promulgated thereunder, including the Privacy Regulations.
- 1.3.31 Interface(s):
As used herein, shall mean the software mechanisms which allow the transfer of electronic data or software commands between computer systems or computer programs which are (a) required to be provided by Contractor under the Statement of Work or (b) requested by County to be provided by Contractor as professional services.
- 1.3.32 LAN:
As used herein, shall mean Local Area Network.
- 1.3.33 Lapsed Customer Support:
As used herein, includes the period of time after County or Contractor terminates this Agreement and then County requests the Agreement.
- 1.3.34 Limited Production Products:
As used herein, shall mean Products that have been installed on the License's Designated System but where development to interface with County's production system is continuing and where live data may be processed. Provider Advantage has not released these Products to County on a Production Date. Limited Production Products could be specified as "Alpha" or "Beta" by Contractor. Software Change Requests requested by the County subsequent to initial implementation of the Product are Limited Production Products during installation until they are released to the County on the Production Date.
- 1.3.35 Maintenance Fee:
As used herein, shall mean the amount charged by Contractor monthly for System Maintenance, as such amount is set forth on the attached Exhibit B, Schedule of Payments.
- 1.3.36 Pool Dollars:
As used herein, shall have the meaning as set forth in Subparagraph 8.3 (Pool Dollars).
- 1.3.37 Product or Products:

As used herein, shall mean the computer software in object code form, owned or distributed by Provider Advantage NW Incorporated (Contractor) for which Contractor grants County a Product License pursuant to this Agreement; the media; the Interfaces; the user guides and manuals in electronic form for use of the software ("Documentation") and any Updates and any transaction processing associated with the software.

1.3.38 Production Date:

As used herein, shall mean the date on which the Product(s) is installed, tested, and jointly determined by County and Contractor to be ready for production.

1.3.39 QuadraMed (QMDC):

As used herein, is a healthcare information technology provider under contract to the County to provide the Affinity Healthcare Information System (HIS). The Affinity HIS is a comprehensive HIS solution that helps healthcare delivery organizations better manage both the revenue cycle and the care delivery process. Contractor's VeriLink Product connects to Affinity through the Affinity 270/271 Eligibility Inquiry Module.

1.3.40 Requirements:

As used herein, shall mean the functional requirements for the Products as attached to Exhibit A (Statement of Work).

1.3.41 Services:

As used herein, shall mean Customer Support or consulting services provided to County under the terms of this Agreement.

1.3.42 Software Change Requests:

As used herein, shall mean County requested changes to the Product under Paragraph 11 (Custom Programming/Professional Services) initially provided by Contractor that are needed by County to meet specific operating environment or procedures of County

1.3.43 Specifications:

As used herein, shall mean any or all of the following: (a) a detailed and exact statement of particulars describing materials, dimensions, technical requirements and workmanship of the Hardware and Products, (b) all manufacturer's specifications and updates thereof denominated as such by respective manufacturer, (c) all written or electronic materials furnished by or through Contractor regarding Hardware and Products, and (d) any

or all Hardware and Products performance requirements and standards set forth in this Agreement.

1.3.44 Standard Customer Support Hours:

As used herein, are from 7:00 a.m. to 5:30 p.m. Pacific Time, Monday through Friday excluding Contractor holidays.

1.3.45 Subtask(s):

As used herein, shall mean one or more of the areas of work to be performed under this Agreement, including, without limitation, those identified as a numbered Subtask in Exhibit A (Statement of Work).

1.3.46 Supported Product License:

As used herein, shall mean a Product License for which County has ordered Customer Support for the relevant time period.

1.3.47 System:

As used herein, shall mean all Hardware, Products, and services described in this Agreement and as otherwise agreed to by County and Contractor. Reference to the "System" may include one or more components or modules thereof or the entire System.

1.3.48 Task(s):

As used herein, shall mean one or more of the areas of work to be performed under this Agreement, including, without limitation, those identified as a numbered Task in Exhibit A (Statement of Work).

1.3.49 Tax(es):

As used herein, shall mean governmental fees (including license, filing and registration fees) and all taxes (including franchise, excise, stamp, value added, income, gross receipts, gross revenue, import, export, sales, use, transfer, and property taxes), withholdings, assessments, levies, imposts, duties, charges, or interest thereon imposed.

1.3.50 Third Party Software:

As used herein, shall mean all the Products and related Documentation which are developed and owned by third parties and which are supplied by Contractor pursuant to this Agreement.

1.3.51 Transaction Type:

As used herein, shall mean type of transaction, e.g., eligibility, remittance, and applicable format.

- 1.3.51.1 Admissions Eligibility Transaction: As used herein, shall mean an inquiry generated through the Healthcare Information System (HIS), processed by VeriLink to the health plan and where VeriLink provides the health plan response back to the HIS.
- 1.3.51.2 RIM Transaction: As used herein, shall mean an inquiry generated post admission by VeriLink where VeriLink returns the response to the HIS only upon receiving a response confirming eligibility from the health plan.
- 1.3.52 Update(s):
As used herein, shall mean changes to the Products, databases, or technical specifications that enhance performance, reflect regulatory changes or correct identified product deficiencies.
- 1.3.53 Upgrade:
As used herein, shall mean a new version of a product that includes substantive features or functions not performed by the prior release of the product.
- 1.3.54 User(s):
As used herein, shall mean any one or more of the persons or organizations, which are authorized by County or a County Facility to access or use the DHS Data Telecommunications Infrastructure.
- 1.3.55 WAN (Wide Area Network):
As used herein, shall mean an external communications network that connects County with a health plan or to another WAN such as contractor's external communications network.
- 1.3.56 Work:
As used herein, shall mean any and all Tasks, Subtasks, Deliverables, Customizations, Custom Modifications, Goods, Professional Services, and other services performed by or on behalf of Contractor in order to develop and deliver to County the work required pursuant to this Agreement, Statement of Work, and all Exhibits, Change Notices, and amendments hereto.

2. ADMINISTRATION OF AGREEMENT - COUNTY:

2.1 County's Project Director:

- 2.1.1 County's Project Director for this Agreement shall be the following person or his designee:

Larry Gatton, Chief
Revenue Services and Financial Applications
Los Angeles County Department of Health Services
313 N. Figueroa Street, Room 527
Los Angeles, CA 90012
Phone: 213-240-8366
Fax: 213-482-9179
Lgatton@ladhs.org

- 2.1.2 County will notify Contractor in writing of any change in the name or address of County's Project Director.
- 2.1.3 County's Project Director will be responsible for ensuring that the objectives of this Agreement are met.
- 2.1.4 Except as set forth in Paragraph 7 (Change Notices and Amendments), County's Project Director is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate County in any respect whatsoever.
- 2.1.5 County's Project Director will have the right at all times to inspect any and all Tasks, subtasks, Deliverables, goods, services or other work provided by or on behalf of Contractor.

2.2 County's Project Manager:

- 2.2.1 County's Project Manager for this Agreement shall be the following person or his/her designee:

Patricia Adams, Division Head
Revenue Management
313 N. Figueroa St. Room 527
Los Angeles, CA 90012
Phone: (213) 240-7912
Fax: (213) 482-9179
padams@ladhs.org

- 2.2.2 County will notify Contractor in writing of any change in the name or address of County's Project Manager.
- 2.2.3 County's Project Manager will be responsible for ensuring that the technical standards and requirements of this Agreement are met.

- 2.2.4 County's Project Manager will interface with Contractor's Project Manager on a regular basis.
- 2.2.5 County's Project Manager is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate County in any respect whatsoever.
- 2.2.6 County's Project Manager will advise County's Project Director as to Contractor's performance in areas relating to requirements and technical standards.

2.3 County's Project Coordinator:

County's Project Coordinator for this Agreement shall be the following person or his/her designee:

Howard Cho
Revenue Management
County of Los Angeles
313 N. Figueroa St., Room 332
Los Angeles, CA 90012
(213) 240-8270
hcho@ladhs.org

- 2.3.1 County will notify Contractor in writing of any changes in the name or address of County Project Coordinator.
- 2.3.2 County's Project Coordinator is not authorized to make any changes in any of the terms and conditions of this Agreement and is not authorized to further obligate County in any respect whatsoever.
- 2.3.3 County's Project Coordinator will provide direction to Contractor in the areas relating to County and DHS policies on information systems and telecommunications requirements.

2.4 County Personnel:

All County personnel shall be under the exclusive supervision of County. Contractor understands and agrees that all such County personnel are assigned only for the convenience of County. Contractor hereby represents that its price, project schedule and performance hereunder are based solely on the work of Contractor's personnel, except as otherwise expressly provided in this Agreement.

2.5 Approval of Work:

All Tasks, subtasks, Deliverables, goods, services and other work provided by Contractor must have the written approval of County's Project Manager. In no event shall County be liable or responsible for any payment prior to such written approval.

2.6 Approval of Invoices:

All invoices submitted by Contractor for payment must have the written approval of County's Project Manager prior to any payment thereof. In no event shall County be liable or responsible for any payment prior to such written approval.

3. ADMINISTRATION OF AGREEMENT - CONTRACTOR:

3.1 Contractor's Project Director:

Contractor's Project Director shall be the following person, who shall be a full-time employee of Contractor:

Fred Bruderlin, Chief Operating Officer
Provider Advantage, NW Incorporated
8770 SW Nimbus, Suite D
Beaverton, Oregon 97008
Telephone: (503) 601-3800
Facsimile: (503) 352-0266
www.provider-advantage.com

3.1.1 Contractor's Project Director shall be responsible for Contractor's performance of all of the work and ensuring Contractor's compliance with this Agreement.

3.1.2 Contractor's Project Director shall be available to meet and confer with County's Project Director no less frequently than monthly in person or by telephone, to review Contractor's performance of this Agreement.

3.2 Contractor's Project Manager:

3.2.1 Contractor's Project Manager shall be the following person who shall be a full-time employee of Contractor:

Fred Bruderlin, Chief Operating Officer
Provider Advantage, NW Incorporated
8770 SW Nimbus, Suite D
Beaverton, Oregon 97008
Telephone: (503) 601-3800

Facsimile: (503) 352-0266
www.provider-advantage.com

3.2.2 Contractor's Project Manager shall be responsible for Contractor's day-to-day activities as related to this Agreement.

3.2.3 Contractor's Project Manager shall meet and confer with County's Project Manager on a regular basis.

3.3 Contractor's Staff:

3.3.1 Contractor staff shall meet and confer with County's Project Manager as agreed by both Contractor's Project Manager and County's Project Manager.

3.3.2 Contractor shall be responsible for managing, evaluating and training the County's staff.

3.4 Approval of Contractor's Staff:

County has the absolute right to approve or disapprove each member or proposed member of Contractor's staff, including, but not limited to, Contractor's Project Manager and Contractor's staff prior to, and during, their performing any work hereunder, as well as approving or disapproving any proposed deletions from or other changes in such staff. County's Project Director may require replacement of any member of Contractor's staff performing, or offering to perform work hereunder, including, but not limited to, Contractor's Project Manager. Contractor shall provide County with a resume of each such proposed initial staff member, including, but not limited to, Contractor's Project Manager, Contractor's staff and proposed substitute, and an opportunity to interview such person prior to his performing any work hereunder.

Contractor shall promptly fill any staff vacancy with personnel having qualifications at least equivalent to those of the staff member(s) being replaced.

In fulfillment of its responsibilities under this Agreement, Contractor shall utilize and permit utilization of, only staff fully trained and experienced, and as appropriate, licensed or certified in the technology, trades, Tasks and Subtasks required by this Agreement.

Contractor shall supply sufficient staff to discharge its responsibilities hereunder in a timely and efficient manner including, without limitation, as required to fulfill all requirements of this Agreement.

In the event Contractor should ever need to remove any staff from performing work under this Agreement, Contractor shall provide County with notice at least fifteen (15) Days in advance, except in circumstances in which such notice is not possible, and shall work with County on a mutually agreeable transition plan so as to provide an acceptable replacement and ensure project continuity.

4. WORK:

4.1 General:

Pursuant to the provisions of this Agreement, Contractor shall fully provide, complete and deliver on time all Tasks, Subtasks, Deliverables, goods, services and other work as set forth in this Agreement.

4.2 Unapproved Work:

If Contractor provides any Tasks, Subtasks, Deliverables, goods, services or other work to County other than those specified in this Agreement, or if Contractor provides such items requiring County's prior written approval without first having obtained such written approval, the same shall be deemed to be a gratuitous effort on the part of Contractor and Contractor shall have no claim whatsoever against County.

4.3 Right to Reject:

County reserves the right to reject any Tasks, Subtasks, Deliverables, goods, services and/or other work not approved by County pursuant to Subparagraph 2.5 (Approval of Work) or other provisions of this Agreement.

5. TERM:

The term of this Agreement shall commence upon Board of Supervisors' approval and shall continue in full force and effect through March 31, 2009.

6. NON EXCLUSIVITY:

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with Contractor. This Agreement shall not restrict County from acquiring similar, equal or like goods and/or services from other entities or sources.

7. CHANGE NOTICES AND AMENDMENTS:

- 7.1 County reserves the right to change any portion of the work required under this Agreement and any other provisions of this Agreement. All such changes shall be accomplished only as provided in this Paragraph.
- 7.2 For any change requested by County which does not affect the scope of work, payments, or any term or condition included in this Agreement, a Change Notice shall be prepared and executed by County's Project Director and Contractor's Project Manager. Without limiting the generality of the foregoing, Change Notices utilizing Pool Dollars under Subparagraph 8.3 and/or following Software Change Requests under Paragraph 11 (Custom Programming/Professional Services) may be accomplished under this Subparagraph 7.2
- 7.3 For any change requested by County, which affects the scope of work objective, direction or outcome of the project, payments, or any terms or conditions included in this Agreement, a negotiated Amendment to this Agreement shall be prepared and executed by the County's Board of Supervisors and Contractor.

8. CONTRACT SUM:

8.1 General:

Attached to this Agreement as Exhibit B (Schedule of Payments) is a schedule of all fees applicable to this Agreement, along with a payment schedule for completion of Work beginning on the Effective Date and continuing up to and including expiration of term of this Agreement.

8.2 Maximum Contract Sum:

The Contract Sum under this Agreement shall be the total monetary amount payable by County to Contractor for supplying all the Tasks, subtasks, Deliverables, goods, services and other work requested and specified under this Agreement. All work completed by Contractor must be approved in writing by County. If County does not approve work in writing, no payment shall be due to Contractor for that work. The Contract Sum, including all applicable taxes, authorized by County hereunder shall not exceed Nine Hundred Sixty Eight Thousand Seven Hundred Dollars (\$968,700), for the three-year term of this Agreement.

Notwithstanding any other provision of this Subparagraph, Contractor shall fully perform and complete all work required of Contractor by this Agreement in exchange for the amounts to be paid to Contractor as set forth in this Agreement.

The Contract Sum shall not be adjusted for any costs or expenses whatsoever of Contractor.

8.3 Pool Dollars:

Exhibit B (Schedule of Payments) includes the aggregate pool dollars available for Change Notices under Paragraph 7 (Change Notices and Amendments) for work under Task 6.0 – Pool Dollars of Exhibit A (Statement of Work).

8.4 County's Obligation in Future Fiscal Years:

Notwithstanding any other provision of this Agreement, County shall not be obligated for Contractor's performance hereunder or by any provision of this Agreement during any of County's future fiscal years unless and until County's Board of Supervisors appropriates funds for this Agreement in County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Agreement, then this Agreement shall terminate as of January 31st of the last fiscal year for which funds were appropriated. County shall notify Contractor in writing of any such non-appropriation of funds at the earliest possible date.

9. INVOICES AND PAYMENTS:

9.1 Invoices:

Contractor shall invoice County monthly, in the arrears, for all Tasks, Subtasks, Deliverables, goods, services and other work, which are specified in Exhibit A (Statement of Work) and which are provided by Contractor and approved in writing by County. Contractor shall prepare invoices, which shall include the charges owed to Contractor by County under the terms of this Agreement. All invoices shall be subject to County's written approval pursuant to Subparagraph 2.6 (Approval of Invoices). Contractor's payments shall be as provided in Exhibit B (Schedule of Payments). All invoices under this Agreement shall be submitted to County's Project Manager. Each invoice submitted by Contractor shall indicate:

- A. The Tasks, Subtasks, Deliverables, goods, services or other work as described in Exhibit A (Statement of Work) for which payment is claimed.
- B. The date of written approval of the Tasks, Subtasks, Deliverables, goods, services or other work by County's Project Director.

- C. All invoices under this Agreement shall also be submitted to County's Internal Services Department and County's Auditor-Controller for review as directed from time to time by County's Project Director.

All invoices under this Agreement shall be submitted to the following address:

Howard Cho
Health Services Administration
Revenue Management
Los Angeles County
313 N. Figueroa Street, Room 332
Los Angeles, CA 90012

9.2 County's Right to Withhold Payments:

During any calendar month in which Contractor's performance is deemed unsatisfactory, as determined by County, for any and all Tasks, Subtasks, Deliverables, goods, services or other work required by this Agreement, County, in its sole discretion, may withhold any amounts due to Contractor during the period of unsatisfactory performance and until such time as performance is deemed by County's Project Director, at his sole discretion, to be satisfactory.

10. DEFICIENCIES:

County Project Director shall notify Contractor Project Director of any deficiency in writing, or if not practicable, orally to either Contractor Project Director or Contractor Project Manager. Upon the earlier of (a) notice (orally or in writing) from County, or (b) Contractor's discovery of such deficiency, Contractor shall promptly commence corrective measures to remedy any deficiency, and shall remedy such deficiency, in accordance with the timelines set forth in Exhibit A, Attachment 3. Contractor acknowledges that, as part of System Maintenance Services provided to County, Contractor may be required to reinstall all or any part of the VeriLink Products or create an Update in order to remedy a deficiency.

11. CUSTOM PROGRAMMING/PROFESSIONAL SERVICES:

Subject to Paragraph 7 (Change Notices and Amendments), Contractor shall provide to County customizations or modifications to the Products that are requested in writing by County Project Director pursuant to a Software Change Request under Task 4.0 – Professional Services of Exhibit A (Statement of Work) in order to create new functionality not provided by Contractor and not anticipated for any pending or future version release.

Professional Services (including customizations and modifications) shall be treated by the parties as a change requiring the execution of a Change Notice pursuant to Paragraph 7 (Change Notices and Amendments). As a general matter, the parties agree that Professional Services, include but are not limited to custom modifications.

12. PROHIBITION AGAINST DELEGATION AND ASSIGNMENT:

Contractor shall not have any right to, and shall not, assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without the prior written consent of County, in its sole discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this Paragraph, County consent shall require a written amendment to this Agreement which is formally approved and executed by the parties. Any payments by County to any delegatee or assignee on any claim under this Agreement, in consequence of any such consent, shall reduce dollar for dollar any claims which Contractor may have against County and shall be subject to set-off, recoupment or other reduction for any claims which County may have against Contractor, whether under this Agreement or otherwise.

13. WARRANTY AGAINST CONTINGENT FEES:

13.1 Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement upon any agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by Contractor for the purpose of securing business.

13.2 For breach of this warranty, County shall have the right to terminate this Agreement and, in its sole discretion, deduct from this Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage or contingent fee.

14. INDEPENDENT CONTRACTOR STATUS:

14.1 This Agreement is by and between County and Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture or association, as between County and Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

14.2 Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Agreement, all

compensation and benefits. County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of Contractor.

- 14.3 Contractor understands and agrees that all persons performing work pursuant to this Agreement are, for purposes of workers' compensation liability, employees solely of Contractor and not employees of County. Contractor shall be solely liable and responsible for furnishing any and all workers' compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of Contractor pursuant to this Agreement.
- 14.4 Contractor shall provide to County an executed Contractor Employee Acknowledgment and Confidentiality Agreement (Exhibit C) for each of its employees performing work under this Agreement. Such agreements shall be delivered to County's Department of Human Resources, Health Safety and Disability Benefits Division, 3333 Wilshire Boulevard, 10th Floor, Los Angeles, California 90010, on or immediately after the execution of this Agreement by County's Board of Supervisors, but in no event later than the date any such employee first performs work under this Agreement.

15. INDEMNIFICATION, INSURANCE AND COVERAGE:

15.1 Indemnification:

Contractor shall indemnify, defend and hold harmless County, its Special Districts, elected and appointed officers, employees and agents from and against any and all liability, including, but not limited to, demands, claims, actions, fees, costs and expenses (including attorney and expert witness fees), arising from or connected with Contractor's acts and/or omissions arising from and/or relating to this Agreement.

15.2 General Insurance Requirements:

Without limiting Contractor's indemnification of County and during the term of this Agreement, Contractor shall provide and maintain, and shall require all of its sub-contractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Contractor's own expense.

- A. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to Department

of Health Services, Contracts and Grants Division, 313 North Figueroa Street, Sixth Floor East, Los Angeles, California 90012, Attention: A. Bravo – Contract Administrator, prior to commencing services under this Agreement. Such certificates or other evidence shall:

- (1) Specifically identify this Agreement.
- (2) Clearly evidence all coverage's required in this Agreement.
- (3) Contain the express condition that County is to be given written notice by mail at least thirty (30) Days in advance of cancellation for all policies evidenced on the certificate of insurance.
- (4) Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees as insured for all activities arising from this Agreement.
- (5) Identify any deductibles or self-insured retentions for County's approval. The County retains the right to require Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or require Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

B. Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to the County with an A. M. Best rating of not less than A:VII, unless otherwise approved by County.

C. Failure to Maintain Coverage: Failure by Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to County, shall constitute a material breach of the contract upon which County may immediately terminate or suspend this Agreement. County, at its sole option, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase such required insurance coverage, and without further notice to Contractor, County may

deduct from sums due to Contractor any premium costs advanced by County for such insurance.

D. Notification of Incidents, Claims or Suits: Contractor shall report to County:

- (1) Any accident or incident relating to services performed under this Agreement which involves injury or property damage which may result in the filing of a claim or lawsuit against Contractor and/or County. Such report shall be made in writing within twenty-four (24) hours of occurrence.
- (2) Any third-party claim or lawsuit filed against Contractor arising from or related to services performed by Contractor under this Agreement.
- (3) Any injury to a Contractor employee which occurs on County property. This report shall be submitted on a "County Non-employee Injury Report" to the County's Project Manager.
- (4) Any loss, disappearance, destruction, misuse or theft of any kind whatsoever of County property, monies or securities entrusted to Contractor under the terms of this Agreement.

E. Compensation for County Costs: In the event that Contractor fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to County, Contractor shall pay full compensation for all costs incurred by County.

F. Insurance Coverage Requirements for Subcontractors: Contractor shall ensure that any and all subcontractors performing services under this Agreement meet the insurance requirements of this Agreement by either:

- (1) Contractor providing evidence of insurance covering the activities of sub-contractors, or
- (2) Contractor providing evidence submitted by sub-contractors evidencing that sub-contractors maintain the required insurance coverage. County retains the right to obtain copies of evidence of sub-contractor insurance coverage at any time.

15.3 Insurance Coverage Requirements:

- A. General Liability Insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

- B. Automobile Liability Insurance (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than \$1 million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

- C. Workers Compensation and Employers' Liability: Insurance providing workers compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Contractor is responsible. If Contractor's employees will be engaged in maritime employment, coverage shall provide workers compensation benefits as required by the U. S. Longshore and Harbor Workers' Compensation Act, Jones Act or any other federal law for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

- D. Professional Liability: Insurance covering liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees with limits of not less than \$1 million per occurrence and \$3 million aggregate. The coverage also shall provide an extended two-year reporting period commencing upon termination or cancellation of this Agreement.

16. RECORDS AND AUDITS:

- 16.1 Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Agreement in accordance with generally accepted accounting principles. Contractor shall also maintain accurate and complete employment and other records relating to its performance of this Agreement. Contractor agrees that County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy or transcribe any pertinent transaction, activity or

records relating to this Agreement provided such access rights do not constitute an unlawful invasion of the privacy rights of any Contractor employee and would not in the reasonable opinion of Contractor subject Contractor to legal liability. All such material, including, but not limited to, all financial records, time cards and other employment records and proprietary data and information, shall be kept and maintained by Contractor and shall be made available to County during the term of this Agreement and for a period of five (5) years thereafter, unless County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by Contractor at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at County's option, Contractor shall pay County for travel, per diem and other costs incurred by County to examine, audit, excerpt, copy or transcribe such material at such other location.

- 16.2 In the event that an audit is conducted of Contractor specifically regarding this Agreement by any Federal or State auditor, or by any auditor or accountant employed by Contractor or otherwise specifically regarding this Agreement, then Contractor shall file a copy of such audit report with County's Auditor-Controller and County's Project Director within thirty (30) days of Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Agreement. County shall make a reasonable effort to maintain the confidentiality of such audit report(s).
- 16.3 Failure on the part of Contractor to comply with any of the provisions of this Paragraph shall constitute a material breach of this Agreement upon which County may immediately terminate this Agreement.

17. COUNTY AUDIT SETTLEMENTS:

If, at any time during or after the term of this Agreement, representatives of County conduct an audit of Contractor regarding the work performed under this Agreement, and if such audit finds that County's dollar liability for any such work is less than payments made by County to Contractor, then the difference, together with County's reasonable costs of audit, shall be either repaid by Contractor to County by cash payment upon demand or, at the sole option of Director, deducted from any amounts due to Contractor from County, whether under this Agreement or otherwise. If such audit finds that County's dollar liability for such work is more than the payments made by County to Contractor, then the difference shall be paid to Contractor by County, but in no event shall County's payments to Contractor exceed the Contract Sum identified in Paragraph 8 (Contract Sum).

18. FEDERAL ACCESS TO RECORDS:

If, and to the extent that, Section 1861(v)(1)(i) of the Social Security Act (42 United States Code Section 1395x(v)(1)(i)) is applicable, Contractor agrees that for a period of four (4) years following the furnishing of services under this Agreement, Contractor shall maintain and make available, upon written request, to the Secretary of the United States Department of Health and Human Services or the Comptroller General of the United States, or to any of their authorized representatives, the contracts, books, documents and records of Contractor which are necessary to verify the nature and extent of the costs of services provided hereunder. Furthermore, if Contractor carries out any of the services provided hereunder through any subcontract with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve-month period with a related organization (as that term is defined under Federal law), Contractor agrees that each such subcontract shall provide for such access to the subcontract, books, documents and records of the subcontractor.

19. DISCLOSURE OF INFORMATION:

19.1 Contractor shall not disclose any terms or conditions of, or any circumstances or events which occur during the performance of, this Agreement to any person or entity except as may be otherwise provided herein or required by law. In the event Contractor receives any court or administrative agency order, service of process, or request by any person or entity (other than Contractor's professionals) for disclosure of any such details, Contractor shall immediately notify County's Project Director. Thereafter, Contractor shall comply with such order, process or request only to the extent required by applicable law. Notwithstanding the preceding sentence, to the extent permitted by law, Contractor shall delay such compliance and cooperate with County to obtain relief from such obligations to disclose until County shall have been given a reasonable opportunity to obtain such relief. However, in recognizing Contractor's need to identify its services and related clients to sustain itself, County shall not inhibit Contractor from publishing its role under this Agreement within the following conditions:

- A. Contractor shall develop all publicity material in a professional manner.
- B. During the term of this Agreement, Contractor shall not publish or disseminate any commercial advertisements, press releases, feature articles or other materials using the name of County without the prior written consent of County's Project Director. County shall not unreasonably withhold written consent, and approval by County may be assumed in the event no adverse comments are received in writing within two (2) weeks after submittal.

- C. Contractor may without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Agreement with County, provided that the requirements of this Paragraph shall apply.

19.2 Notwithstanding any other provision of this Agreement, either party may disclose information about the other which (i) is lawfully in the public domain at the time of disclosure, (ii) is disclosed with the prior written approval of the party to which such information pertains, or (iii) is required by law to be disclosed.

20. PROPRIETARY CONSIDERATION:

- 20.1 During the term of this Agreement and for five (5) years thereafter, Contractor shall maintain and provide security for all Contractor's working papers prepared under this Agreement, and shall protect such working papers from loss or damage by any cause, including, but not limited to, fire and theft. County shall have the right to inspect any and all such working papers, make copies thereof, and use the working papers and the information contained therein.
- 20.2 Items which are developed or were originally acquired by Contractor which Contractor desires to use hereunder, and which Contractor considers to be proprietary or confidential, must be specifically identified by Contractor to County's Project Director as proprietary or confidential, and shall be plainly and prominently marked by Contractor as "PROPRIETARY" or "CONFIDENTIAL". Without limiting the foregoing obligation of Contractor to mark proprietary and confidential material, County recognizes that the Products are proprietary and confidential.
- 20.3 Contractor hereby grants to County for the use of County and all other users, an irrevocable perpetual, nonexclusive, nonterminable license to use, modify and reproduce any and all County Materials.
- 20.4 County will use reasonable means to ensure that Contractor's proprietary and confidential items are safeguarded and held in confidence. County agrees not to reproduce, distribute or disclose to non-County entities (other than outside counsel or consultants subject to non-disclosure agreements or obligations) Contractor's proprietary and confidential items, including the Products, without the prior written permission of Contractor or as required by law or pursuant to Paragraph 47 (Dispute Resolution Procedure).
- 20.5 Notwithstanding any other provision of this Agreement, County shall not be obligated in any way under this Agreement for:

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Agreement to be subscribed by its Director of Health Services, and

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Contractor has caused this Agreement subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Acting Director and Chief Medical
Officer

Provider Advantage NW, Incorporated
Contractor

By _____
Signature

By EDWARD L TOMKINS
Printed Name

Title PRESIDENT
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM
BY THE OFFICE OF COUNTY COUNSEL:

By _____
Robert E. Ragland
Senior Deputy County Counsel

APPROVED AS TO CONTRACT
ADMINISTRATION:

DEPARTMENT OF HEALTH SERVICES

By _____
Cara O'Neill, Chief
Contracts and Grants

STATEMENT OF WORK

HIPAA COMPLIANT 270/271 ELIGIBILITY RESPONSE SOFTWARE

BACKGROUND AND OVERVIEW

- a) The Administrative Simplification Provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Title II require the Department of Health and Human Services to establish national standards for electronic health care transactions and national identifiers for providers, Health Plans, and employers. Under the HIPAA Administrative Simplification Provisions, 270/271 transactions were adopted under 45 CFR 162 as the Electronic Data Interchange (EDI) standard for Health Care Eligibility Benefit Inquiry/Response. The 270/271 is a "paired" transaction: the 270 is an outbound eligibility inquiry and the 271 is an inbound eligibility response. Response times are measured in seconds. This process would be a significant improvement over telephone inquiries or paper methods of eligibility determination. All other real time formats for health care eligibility inquiry and response, other than Direct Data Entry (DDE), became obsolete effective October 16, 2003.
- b) In order to be in compliance with the HIPAA rules, the County, a covered entity, is mandated to abide by the ANSI X12 270/271 eligibility standard formats. For this reason, it is essential that the County continue to retain the *VeriLink* software to run in the background of the Healthcare Information System (HIS) registration process, which is managed by QuadraMed (QMDC), to obtain patient healthcare eligibility status via the 270/271 transaction enabling registration areas the capability to inquire in real-time. These continued services are required to remain HIPAA compliant.
- c) *VeriLink*, as defined in Attachment 1, is a software product that automates the process of interfacing Affinity's® ANSI compliant X12 270 transaction (Eligibility and Benefit Request) and the X12 271 transaction (Eligibility and Benefit Response) EDI module that can connect with California Medicaid ("Medi-Cal"), Centers for Medicare and Medicaid Services ("Medicare") and a wide variety of Health Plans nationwide, providing the most current eligibility and benefit information available. *VeriLink* and other services provided as described in Attachment 2 (Retroactive Self-pay Identification Module ('RIM') Version 1.0 Summary), and 3 (Customer Support Requirements) of this document are subject to the monthly fees detailed in Exhibit B of this document.
- d) While making every effort to comply with the federally mandated HIPAA Transaction Code Set (TCS) Health Care Eligibility Benefit

Inquiry/Response Transaction (270/271) standard, it is essential that the County continue to use the QMDC EDI X12 270/271 Eligibility and Benefits tool set. Some of the functionality of this tool includes generating eligibility request (270) in the standardized Federal format to payers in an on-line real time manner, using standardized interface functionality to view coded messages, generating multiple eligibility requests (270) to the same payer, viewing the returned eligibility data (271) from multiple locations within Affinity, storing multiple eligibility replies (271) to a single request (270) and automatically creating an eligibility request (270) at the point of patient registration based on payer source and patient service.

TASK No. 1.0- SYSTEM MAINTENANCE:

Subtask 1.1 –Contractor shall provide System Maintenance, **Product Updates**, additional maintenance, Customer Support and Customer Support for additional Products or Services.

Deliverable 1.1 – Contractor shall provide System Maintenance on a base monthly fee, including Product **Updates** (not rewrites or **Upgrades**) needed to process transactions. Additional maintenance and customer support after business hours and Customer Support for additional Products or Services will be provided on a time and materials basis under the fees for custom programming as described in Exhibit B.

The County will pay a fixed fee for six (6) months and a reduced fee for the remaining thirty (30) months for System Maintenance of the VeriLink and RIM software. The VeriLink and Retroactive Self-pay Identification Module (RIM) programs are described in Exhibit A, Attachments 1, 2 and 3.

Contractor may provide Customer Support for additional Products or Services not specified in these paragraphs under the fees as described in Exhibit B, if such Customer Support is specifically requested in the applicable Software Change Request Form (see Exhibit B, Attachment 1)

All of the following items will be considered part of the system maintenance and covered under the fixed monthly fee:

- a. Installing a completely new version of VeriLink (version 3.0) that Contractor has written specifically for County.
- b. Developing an interface to the Office of Managed Care (OMC), using County's Wide Area Network (WAN), and using screen connectivity protocol and scripting to extract data using screen examples provided to contractor in early 2005 as templates. If these screens or the communications protocol changes, then additional development fees will be required and will be paid from custom programming funds (see Exhibit B, Schedule of Payments). This agreement is for eligibility information only using current VeriLink methodology.

- c. Maintenance of the RIM module as defined in the Version I (one) design document (see Attachment 3).
- d. Updates to the software as released from time to time to other customers or as identified by Contractor or County to improve processing and agreed to by Contractor.
- e. Upgrades will be provided at no additional cost to the County when provided by Contractor to other Contractor's customers at no additional cost.
- f. ***Processing transactions within the VeriLink processing design limitation.***

TASK No. 2.0 – Clearing House Eligibility Transactions:

Subtask 2.1 – Clearing House Eligibility Transactions

The Contractor shall process Clearing House transactions through the VeriLink System for commercial payers on a per transaction fee basis (see Exhibit B, Schedule of Payments).

Deliverable 2.1 - Clearing House Eligibility Transactions

The County will pay for clearing house transactions at the rate per transaction as specified in Exhibit B only when processed through the Contractor's preferred vendor.

TASK NO. 3.0 – Transaction Processing After Design Limits Exceeded

Subtask 3.1 - Contractor shall provide resources to process transactions when the volume exceeds the system design limitations.

Deliverable 3.1 – Transaction Processing After Design Limit Exceeded

Contractor shall provide commercially reasonable efforts to modify the provided Products and/or provide Customer Support so as to enable County to process transactions when the volume reaches or exceeds the Products' design limitations. County shall pay for transactions in excess of design limitation on a per transaction basis as specified in Exhibit B.

Version 3.0 is a version of the software written specifically to meet County's requirements for processing speed and capacity with applicable Updates that Contractor shall provide County from time to time. This version of VeriLink has a processing design limitation of 500,000 Admissions Eligibility transactions per month and 2,400,000 RIM Transactions per month.

TASK NO. 4.0 Professional Services:

Subtask 4.1 - Contractor shall provide Professional Services on a time and materials basis using the hourly rates in place with the QMDC contract, including all Consumer Price Index (CPI) or other adjustments according to a Requirements Document and Work Order (Software Change Request) executed by both parties. The County will pay only for authorized Professional Services when the County authorizes this work in writing (see Exhibit B, Professional Services Fees).

1. Class A Technician

A Class A Technician directs and manages activities of Contractor's staff to accomplish such tasks and objectives as are defined from time to time by Contractor and County. A Level A individual may report to County's Project Director regarding performance, personnel matters, operating standards, systems evaluation, and actions on all activities being performed by Contractor Personnel.

2. Class B Technician

A Class B Technician provides consultation regarding specific tasks and objectives defined from time to time by Contractor and County related to the general operation and support of the system.

3. Class C Technician

A Class C Technician provides assistance in analysis, design, programming, documentation writing and edition, training, testing, maintenance, review, installation and implementation of original or previously written programs, systems, utilities, or functions.

Deliverable 4.1: Custom Programming

County shall reimburse Contractor for reasonable and necessary time and expenses incurred by Contractor to resolve issues which are necessitated by reasons other than the Products not meeting **Specifications**, including any time and expenses incurred relative to rendering any computer or Local Area Network (LAN) capable of operating the Product licensed under this Agreement (see Exhibit B, Schedule of Payments).

TASK NO 5.0: Onsite Training:

Subtask 5.1 – Onsite Training

Contractor shall provide one (1) onsite training per year charging only for travel and lodging expenses not to exceed five consecutive calendar days (occurring Monday through Friday) or more than two Contractor staff.

County may request additional trainings in excess of the one required onsite training.

Deliverable 5.1- Onsite Training

Contractor shall provide one (1) onsite training to the County at no charge for staff time. The County shall reimburse only actual travel and lodging expenses subject to the Auditor Controller's Travel policy detailed in Chapter 12 of the Fiscal Manual.

Onsite training requested by County in excess of the one required onsite training will be reimbursed at the per diem rate plus travel and lodging expenses (see Exhibit B, Schedule of Payments).

The County will reimburse Contractor for the actual travel expenses incurred; however, the amounts paid will not exceed the County Auditor-Controller's guidelines.

County will provide one individual staff member to attend all scheduled sessions to represent County.

TASK 6.0 - POOL DOLLARS

Subtask 6.1

Contractor shall pass through without additional mark up to County any telecommunications surcharges or other surcharges, etc. assessed by a Health Plan or telecommunications carrier to Contractor that is related to the agreement, but is outside the agreement. See Exhibit B.

Deliverable 6.1 – POOL FUNDS

Contractor shall pass through without additional mark up to County any telecommunications surcharges or other surcharges, etc. assessed by a Health Plan or the telecommunications carrier to Contractor that is related to the agreement, but is outside the agreement. See Exhibit B.

Subtask 6.2

Contractor shall provide customized management reports in formats and time frames, as reasonably requested by the Director and agreed to by the Contractor at no additional cost to the County. The specifications for these reports will be determined by mutual agreement by the County and Contractor.

Deliverable 6.2 - POOL FUNDS

As reasonably requested by Director and agreed to by the Contractor, Contractor shall also provide a report analyzing contract performance issues.

County and Contractor shall meet to discuss any recommendations to adjust the System or improve performance of the Software/Product on the System to achieve optimal performance of the Product in the existing System environment.

EXHIBIT A-ATTACHMENT 1

VERILINK DESCRIPTION OF *PRODUCTS AND SERVICES*

VeriLink will interface with the QuadraMed Affinity 270/271 EDI module and automate the process of creating and processing a query and response electronically accessible Health Plans eligibility and benefit data bases throughout the country, providing the most current eligibility information available.

VeriLink Workflow / Processing

1. Accepts an automatically or manually generated inquiry from the registration or scheduling system using Affinity defined X12 270 transaction format.
2. Maps user defined insurance codes from registration or scheduling system to specific payer or clearinghouse requirements and translates inquiry to a normalized HIPAA defined version 4010 X12 270 formatted eligibility inquiry format.
3. Translates the normalized X12 270 formatted eligibility inquiry to a Health Plan specific X12 270 format or non-standard eligibility inquiry format.
4. Transmits the inquiry to Medicare, Medicaid, national Health Plans or regional or local Health Plan who provide access and are covered by this Agreement or any amendments to this Agreement. Where available, VeriLink also supports connections directly to regional Health Plans if not accessible from a clearinghouse (requires a Software Change Request and amendment to the Agreement). VeriLink uses Health Plan required communications protocol for each connection. VeriLink stores inquiries during scheduled Health Plan down times for transmission at a later time when the Health Plan's system is available (configuration required).
5. Receives a HIPAA defined, Health Plan configured X12 271 response or proprietary non-standard eligibility response from Health Plan.
6. Translates the eligibility response to the format required by registration or scheduling system vendor.
7. Delivers this transaction to the registration or scheduling system for posting to the patient account.
8. Creates and prints exception reports for inquiry results showing patients as ineligible, showing Medicare restrictions and/or treatment parameters or with other management defined information.

VeriLink produces payer specific exception reports or staff work lists allowing staff to focus research on exceptions or accounts with identified problems. These custom defined reports can increase staff efficiency by eliminating handling of consolidated paper reports for all Health Plans and all exception

patient accounts.

Health Plan Connections

1. Accessing data directly from Medi-Cal through the current County provided network (WAN) connection (*VeriLink's* ability to process inquiries is limited to the capability of this connection).
2. Accessing data directly from The Centers for Medicare & Medicaid Services (CMS) Medicare data base through the current County contracted network (WAN) connection (provided by IVANS Corporation). *VeriLink's* ability to process Medicare inquiries is limited to the capability of this connection.
3. Accessing data from various commercial, Medicaid agencies, and other Health Plans available through the Emdeon real time switch. This access shall use an Internet Virtual Private Network (VPN) connection to Contractor's hub in Portland, Oregon and Contractor shall connect to Emdeon through their network connection to the Emdeon real time switch.
 - i. Through this Emdeon connection, Contractor shall provide County access to data from a number of commercial health plans or Medicaid agencies as determined by County. Periodically additional health plans are available and Contractor shall provide access to the data from these health plans upon request from the County and in a manner consistent with Contractor's other customers.
 - ii. *VeriLink's* ability to process inquiries to the Health Plans available through Emdeon is limited to the capability of the County's connection to Contractor's hub. Using this connection, Contractor can provide an alternative path to Medi-Cal and Medicare if County's connection to these Health Plans becomes inoperative and County requests use of this pathway in writing. Contractor requires a minimum of one business day to configure and manually convert to this alternative routing. The time and materials to coordinate this connection shall be considered Chargeable Support to County.
4. Developing a process and accessing data from the Office of Managed Care (OMC) Community Health Plan using County's WAN, and screen connectivity protocol and scripting that is based on screen examples received in early 2005. If these screens or the communications protocol changes, then additional development fees will be required. The process covered under this Agreement is for eligibility information only using current *VeriLink* methodology.
5. Development of a different or additional connection or methodology to access data for any of the above Health Plans or clearinghouses or a different clearinghouse or Health Plan will require additional software development on a time and materials or negotiated basis.

EXHIBIT A-ATTACHMENT 2

RETROACTIVE SELF-PAY IDENTIFICATION MODULE ("RIM") VERSION 1.0 SUMMARY SPECIFICATIONS

Background

Approximately 40% of County's admits are self-pay patients. An additional group of patients present themselves as covered by Medi-Cal but ineligible responses are returned from the Medi-Cal System. Because a significant number of these patients become eligible for Medi-Cal subsequent to registration, a key business strategy of County is to periodically check Medi-Cal eligibility for these self-pay patients over a defined period (up to 12 months after admission). Once identified as having retroactive coverage, the County can prepare a claim and send it to Medi-Cal for reimbursement for covered services.

Feature Summary

Version 1.0 of the Retroactive Self-Pay Identification Module (RIM) will contain the following features. Contractor has designed Version 1.0 in partnership with County and has developed it for exclusive use of County.

1. When a self-pay or Medi-Cal patient is registered, *VeriLink* sends an inquiry to Medi-Cal. Any 271 response from Medi-Cal that does not have an active benefit segment (Active Coverage) will be stored in a RIM database. There will be two RIM databases, one for each server.
2. *VeriLink* periodically reviews the self-pay databases and selects self-pay patients based on monthly inquiry intervals defined by each facility up to 12 months (monthly, every other month, quarterly, etc.). Contractor recommends a starting model of checking each patient monthly for the first three months and then the 6th, 9th, and 12th month.
3. *VeriLink* generates an inquiry to Medi-Cal for selected Medi-Cal ineligible patients. The RIM processing module submits at a lower priority than new admission inquiries so as not to negatively affect response times. The RIM will send the majority of RIM inquiries at the periods of lowest daily volume.
4. *VeriLink* returns to Affinity and Affinity posts all inquiry responses that show Active Coverage. (*VeriLink* uses the original Affinity transaction control number when posting.)
5. *VeriLink* creates a printed report by facility for all inquiries that return a response indicating Active Coverage. *VeriLink* also creates a comma-delimited file by facility that corresponds to each report so County staff can manipulate the data using work lists or other data manipulation programs

- etc. The report and file formats will be mutually agreed upon by County and Contractor.
6. Each facility has the responsibility for updating a patient's information based on a successful post admission self-pay inquiry (using reports or comma-delimited file). The facility will then submit claims to Medi-Cal for self-pays showing eligibility for prior dates of service.
 7. The RIM module will accept a file from Affinity generated in a mutually agreed upon format which identifies patients to be deleted from the re-inquiry data base for any reason (e.g. a patient pays the bill) It is the County's responsibility to provide this file to *VeriLink* in a mutually agreed upon format.

**VERILINK AND RIM
CUSTOMER SUPPORT REQUIREMENTS**

1. **Customer Support Coverage:** Contractor shall provide the following Customer Support during the times specified below and included under fees in Deliverable 1.0. Contractor shall provide additional Customer Support seven days a week, including holidays, between the hours of 11:00 PM to 7:00 AM (Pacific Time) for hourly fees specified under Deliverable 4.0.
2. **Customer Support - Business Day :** The following items are included in normal Customer Support. The hours for a normal business day are 7:00 AM to 5:30 PM (Pacific Time).
 - a. Periodic (minimum twice daily) proactive monitoring of the County VeriLink installation utilizing Contractor VeriLink Support Wizard.
 - b. Resolution of any critical VeriLink issues. A critical issue is defined as a system outage due to a VeriLink system problem or other Contractor related issue which causes VeriLink to behave outside of the agreed upon functionality. Critical issues require Contractor support intervention in order to resolve.
 - c. Telephone response to County initiated support requests regarding VeriLink functionality issues and questions and any related issues regarding eligibility.
 - d. Resolution of Health Plan and Clearinghouse issues related to eligibility transaction content, format, communications, etc.
 - e. Help to identify and resolve issues external to VeriLink. This may include County LAN / WAN connectivity, Health Plan connectivity, Contractor network, or Affinity interface, etc. This Help may include creating reports and preparing documentation of problem.
 - f. Remote user training for reports including reading and interpreting Health Plan responses and VeriLink functionality issues and questions.
 - g. VeriLink facility telephone or internet specific training and end user support documentation
3. **Customer Support - After Hours / Contractor Holidays / Weekends**
After Hours Customer Support occurs between the hours of 5:30 PM and 11:00 PM Pacific Time ("PT") on Business Days and between the hours of 7:00 AM and 11:00 PM PT on days other than Business Days :
 - a. Periodic (minimum twice daily) proactive monitoring of County VeriLink installation utilizing Contractor's Support Wizard.

- b. Resolution of any critical *VeriLink* issues. A critical issue is defined as a system outage due to a *VeriLink* system problem or other Contractor related issue which causes *VeriLink* to behave outside of the agreed upon functionality. Critical issues require Contractor support intervention in order to resolve.
- c. Two hours maximum commitment for scheduled interventions or support that the County schedules at least 48 hours in advance (County hardware or network reconfigurations etc.)
- d. Contractor shall make reasonable efforts to respond between the hours of 11:00 pm through 6:00 am to a critical support call within one hour from notice. Non-critical issues to be resolved on next business day.

EXHIBIT A-ATTACHMENT 4

VERILINK AND RIM AUTHORIZED FACILITIES

The County currently operates five hospitals, one multi-service ambulatory care center, and six comprehensive health centers. Each site provides a variety of quality health care to the communities within the County of Los Angeles.

County and Contractor consider the following sites and the associated comprehensive health centers and health centers as Authorized Facilities to use VeriLink and associated software Products and Services. County and Contractor may add additional Authorized Facilities by mutual agreement of the parties as an addendum to this Agreement.

1. Harbor/UCLA Medical Center
2. High Desert Health System
3. LAC+USC Healthcare Network
4. Martin Luther King, Jr./Drew Medical Center
5. Olive View/UCLA Medical Center
6. Rancho Los Amigos National Rehabilitation Center

Exhibit B**SCHEDULE OF PAYMENTS****Provider Advantage NW, Incorporated
HIPAA COMPLIANT 270/271 ELIGIBILITY RESPONSE SOFTWARE**

Deliverable No.	Deliverable Title	First year Amount Payable	Second year Amount Payable	Third year Amount Payable	Total 3 Year Amount Payable
1	System Maintenance (1)	\$264,000	\$240,000	\$240,000	\$744,000
2	Clearing House Eligibility Transactions (2)	7,500	7,500	7,500	\$22,500
3	Transaction Processing After Design Limits (3)	26,700	26,700	26,700	\$80,100
4	Professional Services Fees (4)	30,800	32,400	34,000	\$97,200
5	OnSite Training (5)	7,300	7,300	7,300	\$21,900
6	Pool Dollars	1,000	1,000	1,000	\$ 3,000
	Total	\$337,300	\$314,900	\$316,500	\$968,700

- (1) System Maintenance will be paid at \$24,000 for the first six (6) months and \$20,000 for the remaining thirty (30) months.
- (2) Transaction fees will be charged as used by the County at \$.1875 per occurrence. Usage is estimated at 40,000 transactions per year.
- (3) The County anticipates exceeding the design limitations of VeriLink by no more than 7.5% in additional transactions.
- a) The County will pay for Admissions Eligibility transactions in excess of 500,000 per month at \$.055 per transaction.
- b) The County will pay for Retroactive Self-Pay Identification Transactions in excess of 2,400,000 per month at \$.0018 per transaction.
- (4) Custom Programming shall be charged on an as needed basis. It is estimated that 200 programming hours will be used per year at the Class A rate of \$154 per hour. The amounts are calculated using a 5% estimated CPI increase per year. Class B rate is \$132 per hour and Class c is \$93 per hour.
- (5) Travel expenses for onsite annual training are estimated at \$2,000 per person for 2 Contractor staff persons for a 5 day training session, and an additional

two day training by one Contractor staff estimated at \$1,300 travel expense and \$2,000 per diem charges. The travel expenses will be based on actual expenses and reimbursed subject to the Auditor-Controller guidelines.

PROVIDER ADVANTAGE Innovative Services for Health Care

EXHIBIT B, ATTACHMENT 1

County of Los Angeles
Department of Health Services

SOFTWARE CHANGE REQUEST

Product:		
Facility Name:	City:	State:

Requested by:		
Title:	Phone:	
Fax:	E-Mail:	

Work Description:

Est. Cust. Prog. @ contract rates: xx hours	Estimated Total: \$xxxx (maximum)
--	--

Testing Requirements: Customer agrees to make resources available to test changes within one week of delivery or by mutual agreement.
--

Acceptance Criteria: This software change will be accepted if it works as specified under the Work Description.
--

Work Description/Estimate of Hours Acceptance Terms: I agree that the above modification(s)/enhancement(s) have been specified to my satisfaction, and authorize Provider Advantage to implement them as described above. I also agree that any modifications to the above request(s) after my authorization may result in additional charges, and may result in a delay to those modifications depending on current work volumes and programming and development availability.
--

Work Description Authorized by:	Date:
(note: please fax this signed Software Change Request form to 503-352-0266)	

This section to be completed when custom changes are implemented	
Actual Hours:	Total Charges:
Work Completed and Delivered by:	Date:

Acceptance Signature: I agree that the modification(s)/enhancement(s) have been made to my specifications and satisfaction, and authorize Provider Advantage to invoice, if applicable, for the services performed as described above.

Nancy Avery Provider Advantage NW, Inc 503.601.3803 or 800.203.5465 ext 3803

CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

CONTRACTOR NAME

Contract No. _____

Employee Name _____

GENERAL INFORMATION:

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

Initials of Signer _____

Contractor Name _____ Contract No. _____

Employee Name _____

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____

DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

NON-EMPLOYEE ACKNOWLEDGEMENT AND ONFIDENTIALITY AGREEMENT

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

CONTRACTOR NAME

Contract No. _____

Non-Employee Name _____

GENERAL INFORMATION:

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Non-Employee Acknowledgement and Confidentiality Agreement.

NON-EMPLOYEE ACKNOWLEDGEMENT:

I understand and agree that the Contractor referenced above has exclusive control for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon the Contractor referenced above for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

CONFIDENTIALITY AGREEMENT:

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by the above-referenced Contractor for the County. I have read this agreement and have taken due time to consider it prior to signing.

Initials of Signer _____

Contractor Name _____ Contract No. _____

Non-Employee Name _____

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between the above-referenced Contractor and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to the above-referenced Contractor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information, and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than the above-referenced Contractor or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me, I shall keep such information confidential.

I agree to report to the above-referenced Contractor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to the above-referenced Contractor upon completion of this contract or termination of my services hereunder, whichever occurs first.

I acknowledge that violation of this agreement may subject me to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: _____ DATE: ____/____/____

PRINTED NAME: _____

POSITION: _____

COUNTY OF LOS ANGELES POLICY ON DOING BUSINESS WITH SMALL BUSINESS

Forty-two percent of businesses in Los Angeles County have five or fewer employees. Only about four percent of businesses in the area exceed 100 employees. According to the Los Angeles Times and local economists, it is not large corporations, but these small companies that are generating new jobs and helping move Los Angeles County out of its worst recession in decades.

WE RECOGNIZE. . . .

The importance of small business to the County. . .

- in fueling local economic growth
- providing new jobs
- creating new local tax revenues
- offering new entrepreneurial opportunity to those historically under-represented in business

The County can play a positive role in helping small business grow. . .

- as a multi-billion dollar purchaser of goods and services
- as a broker of intergovernmental cooperation among numerous local jurisdictions
- by greater outreach in providing information and training
- by simplifying the bid/proposal process
- by maintaining selection criteria which are fair to all
- by streamlining the payment process

WE THEREFORE SHALL:

1. Constantly seek to streamline and simplify our processes for selecting our vendors and for conducting business with them.
2. Maintain a strong outreach program, fully-coordinated among our departments and districts, as well as other participating governments to: a) inform and assist the local business community in competing to provide goods and services; b) provide for ongoing dialogue with and involvement by the business community in implementing this policy.
3. Continually review and revise how we package and advertise solicitations, evaluate and select prospective vendors, address subcontracting and conduct business with our vendors, in order to: a) expand opportunity for small business to compete for our business; and b) to further opportunities for all businesses to compete regardless of size.
4. Insure that staff who manage and carry out the business of purchasing goods and services are well trained, capable and highly motivated to carry out the letter and spirit of this policy.

IRS NOTICE 1015
(Obtain latest version from IRS website -
<http://ftp.fedworld.gov/pub/irs-pdf/n1015.pdf>)

Department of the Treasury
Internal Revenue Service
Notice 1015
(Rev. October 2001)

Have You Told Your Employees About the Earned Income Credit (EIC)?

What Is the EIC?

The EIC is a refundable tax credit for certain workers.

A change to note. Workers cannot claim the EIC if their 2001 investment income (such as interest and dividends) is over \$2,450.

Which Employees Must I Notify About the EIC? You must notify each employee who worked for you at any time during the year and from whom you did not withhold income tax. However, you do not have to notify any employee who claimed exemption from withholding on Form W-4, Employee's Withholding Allowance Certificate.

Note: You are encouraged to notify each employee whose wages for 2001 are less than \$32,121 that he or she may be eligible for the EIC.

How and When Must I Notify My Employees? You must give the employee one of the following:

- The IRS Form W-2, Wage and Tax Statement, which has the required information about the EIC on the back of Copy B.
- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of the IRS Form W-2.
- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).
- Your written statement with the same wording as Notice 797.

If you are required to give Form W-2 and do so on time, no further notice is necessary if the Form W-2 has the required information about the EIC on the back of the employee's copy. If a substitute Form W-2 is given on time but does not have the required information, you must notify the employee within 1 week of the date the substitute Form W-2 is given. If Form W-2 is required but is not given on time, you must give the employee Notice 797 or your written statement by the date Form W-2 is required to be given. If Form W-2 is not required, you must notify the employee by February 7, 2002.

You must hand the notice directly to the employee or send it by First-Class Mail to the employee's last known address. You will not meet the notification requirements by posting Notice 797 on an employee bulletin board or sending it through office mail. However, you may want to post the notice to help inform all employees of the EIC. You can get copies of the notice by calling 1-800-829-3676. You can also get the notice from the IRS Web Site at www.irs.gov.

How Will My Employees Know If They Can Claim the EIC?

The basic requirements are covered in Notice 797. For more detailed information, the employee needs to see the 2001 instructions for Form 1040, 1040A, 1040EZ, or Pub. 596, Earned Income Credit.

How Do My Employees Claim the EIC?

Eligible employees claim the EIC on their 2001 tax return. Even employees who have no tax withheld from their pay or owe no tax can claim the EIC and get a refund, but they must file a tax return to do so. For example, if an employee has no tax withheld in 2001 and owes no tax but is eligible for a credit of \$791, he or she must file a 2001 tax return to get the \$791 refund.

How Do My Employees Get Advance EIC Payments?

IRS NOTICE 1015

(Obtain latest version from IRS website -
<http://ftp.fedworld.gov/pub/irs-pdf/n1015.pdf>)

Eligible employees who expect to have a qualifying child for 2001 can get part of the credit with their pay during the year by giving you a completed Form W-5, Earned Income Credit Advance Payment Certificate. You must include advance EIC payments with wages paid to these employees, but the payments are not wages and are not subject to payroll taxes. Generally, the payments are made from withheld income, social security, and Medicare taxes. For details, see Pub. 15, Employer's Tax Guide.

Notice 1015 (Rev. 10-2001)

EXHIBIT F

SAFELY SURRENDERED BABY LAW

No shame.

No blame.

No names.

Newborns can be safely given up
at any Los Angeles County
hospital emergency room or fire station.



In Los Angeles County.

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



State of California
Gray Davis, Governor

Health and Human Services Agency
Grantland Johnson, Secretary

Department of Social Services
Rita Saenz, Director



Los Angeles County Board of Supervisors

Gloria Molina, Supervisor, First District
Yvonne Brathwaite Burke, Supervisor, Second District
Zev Yaroslavsky, Supervisor, Third District
Don Knabe, Supervisor, Fourth District
Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INFO LINE of Los Angeles.

What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

Can only a parent bring in the baby?

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

Does the parent have to call before bringing in the baby?

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

Does a parent have to tell anything to the people taking the baby?

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

What happens to the baby?

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

What happens to the parent?

Once the parent(s) has safely turned over the baby, they are free to go.

Why is California doing this?

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

A baby's story

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.

It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.

Sin pena. Sin culpa. Sin peligro.

Los recién nacidos pueden ser entregados
en forma segura en la sala de emergencia de
cualquier hospital o en un cuartel de bomberos
del Condado de Los Angeles.



En el Condado de Los Angeles:

1-877-BABY SAFE

1-877-222-9723

www.babysafela.org



Estado de California
Gray Davis, Gobernador

Agencia de Salud y Servicios Humanos
(Health and Human Services Agency)
Grantland Johnson, Secretario

Departamento de Servicios Sociales
(Department of Social Services)
Lita Saenz, Directora



Consejo de Supervisores del Condado de Los Angeles

Gloria Molina, Supervisora, Primer Distrito

Wonne Brathwaite Burke, Supervisora, Segundo Distrito

Zev Yaroslavsky, Supervisor, Tercer Distrito

Don Knabe, Supervisor, Cuarto Distrito

Michael D. Antonovich, Supervisor, Quinto Distrito

Esta iniciativa también está apoyada por First 5 LA y INFO LINE de Los Angeles.

¿Qué es la Ley de Entrega de Bebés Sin Peligro?

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres puedan entregar a su recién nacido sin temor a ser arrestados o procesados.

¿Cómo funciona?

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre recibirá un brazalete igual.

¿Qué pasa si el padre/madre desea recuperar a su bebé?

Los padres que cambien de opinión pueden empezar el proceso de redamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

¿Sólo los padres podrán llevar al recién nacido?

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

¿Los padres deben llamar antes de llevar al bebé?

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

¿Qué ocurrirá con el bebé?

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

¿Qué pasará con el padre/madre?

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

¿Por qué California hace esto?

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde acudir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

Historia de un bebé

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

Cada recién nacido merece una oportunidad de tener una vida saludable. Si alguien que usted conoce está pensando en abandonar a un recién nacido, infórmele qué otras opciones tiene.

Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.

EXHIBIT G

CONTRACTOR'S EEO CERTIFICATION

Contractor's Name

Address

Internal Revenue Service Employer Identification Number

GENERAL

In accordance with Section 22001, Administrative Code of the County of Los Angeles, the Contractor, supplier, or vendor certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CONTRACTOR'S CERTIFICATION

- | | | | |
|----|--|-----|----|
| 1. | The Contractor has a written policy statement prohibiting discrimination in all phases of employment. | YES | NO |
| 2. | The Contractor periodically conducts a self analysis or utilization of its work force. | YES | NO |
| 3. | The Contractor has a system for determining if its employment practices are discriminatory against protected groups. | YES | NO |
| 4. | Where problem areas are identified in employment practices, the Contractor has a system for taking reasonable corrective action, to include establishment of goals and timetables. | YES | NO |

Name and title of signer (please print or type)

Signature

Date

**CONTRACTOR'S OBLIGATION AS A BUSINESS ASSOCIATE
UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
OF 1996**

Under this Agreement, Contractor ("Business Associate") provides services ("Services") to County ("Covered Entity") and Business Associate receives, has access to or creates Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform; Security Standards ("the Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 ("together, the "Privacy and Security Regulations").

The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place;

Therefore, the parties agree as follows:

DEFINITIONS

- 1.1 "Disclose" and "Disclosure" mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate's internal operations or to other than its employees.
- 1.2 "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Electronic Media means (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term "Electronic Media" draws no distinction between internal and external data, at rest (that is, in storage) as well as during transmission.
- 1.3 "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.

EXHIBIT H

- 1.4 "Individual" means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.5 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.
- 1.6 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.
- 1.7 "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.
- 1.8 "Services" has the same meaning as in the body of this Agreement.
- 1.9 "Use" or "Uses" mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Business Associate's internal operations.
- 1.10 Terms used, but not otherwise defined in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

OBLIGATIONS OF BUSINESS ASSOCIATE

- 2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:

EXHIBIT H

- (a) shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 of this Agreement;
- (b) shall Disclose Protected Health Information to Covered Entity upon request;
- (c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
 - (i) Use Protected Health Information; and
 - (ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

2.2 Adequate Safeguards for Protected Health Information. Business Associate:

- (a) Shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.
- (b) effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

2.3 Reporting Non-Permitted Use or Disclosure and Security Incidents. Business Associate shall report to Covered Entity each Use or Disclosure that is made by Business Associate, its employees, representatives, agents or subcontractors but is not specifically permitted by this Agreement, as well as, effective as of April 20, 2005, each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to the Departmental Privacy Officer, telephone number 1(800) 711-5366 within forty-eight (48) hours from the time the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident to the Chief Privacy Officer at:

Chief Privacy Officer
Kenneth Hahn Hall of Administration
500 West Temple ST.
Suite 525

Los Angeles, CA 90012

- 2.4 Mitigation of Harmful Effect. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.
- 2.5 Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.
- 2.6 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.
- 2.7 Amendment of Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.
- 2.8 Accounting of Disclosures. Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its employees, agents, representatives or subcontractors.

[Optional, to be used when all Uses and Disclosures permitted in order to perform the Services will be for the Covered Entity's payment or health care operations activities: However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.]

Any accounting provided by Business Associate under this Section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information

EXHIBIT H

disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Section 2.8, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Section 2.8 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

OBLIGATION OF COVERED ENTITY

3.1 Obligation of Covered Entity. Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

TERM AND TERMINATION

4.1 Term. The term of this Paragraph shall be the same as the term of this Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.

4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

- (a) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;

- (b) Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or

- (c) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary of the federal Department of Health and Human Services.

4.3 Disposition of Protected Health Information Upon Termination or Expiration.

- (a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

EXHIBIT H

(b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

MISCELLANEOUS

- 5.1 No Third Party Beneficiaries. Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 5.2 Use of Subcontractors and Agents. Business Associate shall require each of its agents and subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Paragraph.
- 5.3 Relationship to Services Agreement Provisions. In the event that a provision of this Paragraph is contrary to a another provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance with, the terms of this Agreement.
- 5.4 Regulatory References. A reference in this Paragraph to a section in the Privacy or Security Regulations means the section as in effect or as amended.
- 5.5 Interpretation. Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.
- 5.6 Amendment. The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.